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Message Text

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71
ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 STR-01 EB-03 COME-00 OMB-01 NSC-07

NSCE-00 L-02 TRSE-00 SSO-00 CIAE-00 INR-10 NSAE-00

RSC-01 DRC-01 /051 W
---------- 098445
P R 172036Z APR 74
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC PRIORITY 3433
INFO AMEMBASSY BOGOTA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY QUITO
AMEMBASSY SANTIAGO

C O N F I D E N T I A L CARACAS 3331

LIMDIS

PASS WHITE HOUSE FOR AMBASSADOR EBERLE, STR

EO 11652: GDS
TAGS: EGEN VE
SUBJECT: AMERICAN BUSINESS IN VENEZUELA CONCERNED ABOUT APPROACHING
DECISIONS IN APRIL 30 MEETING OF ANDEAN PACT

REF: CARACAS 2524, PARA 3B

1. AMERICAN BUSINESSMEN IN VENEZUELA ARE HIGHLY CONCERNED ABOUT APPROACHING ANDEAN PACT MEETING OF APRIL 30, IN WHICH THEY FEAR DECISIONS WILL BE REACHED DETRIMENTAL TO U.S. INVESTMENT IN VENEZUELA - SPECIFICALLY DECISIONS ON INTERPRETATION OF ANDEAN PACT DECISION 24 ON FOREIGN INVESTMENT, ON AUTOMOTIVE AND OTHER SECTORAL ARRANGEMENTS, AND ON ANDEAN PACT COURT.

2. A DRAFT PROPOSAL HAS BEEN CIRCULATED WITHIN VENEZUELAN GOVERNMENT, BUT STILL NOT APPROVED, THAT WOULD BY EXECUTIVE DECREE ESTABLISH MUCH MORE STRICT INTERPRETATION OF ANDEAN PACT DECISION
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24, NOT PROVIDING FOR EXCEPTIONS TAKEN BY ALL OTHER ANDEAN PACT

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COUNTRIES THUS FAR UNDER ARTICLE 44 WITH RESPECT TO BANKS AND CERTAIN OTHER ENTERPRISES. SUCH A DECREE MIGHT POSSIBLY BE ENACTED EVEN PRIOR TO LIMA MEETING APRIL 30. UNDER DRAFT VENEZUELAN PROPOSAL, FOREIGN BANKS STILL OPERATING IN SUCH IN VENEZUELA (FIRST NATIONAL CITY AND HOLANDES-UNIDO) COULD NOT OPEN ANY DEPOSIT ACCOUTNS AFTER JANUARY 1, 1975, UNLESS THEY AGREE TO SELL DOWN TO 20 PERCENT WITHIN A 2-YEAR, 8-MONTH PERIOD. SAME WOULD BE TRUE OF SERVICES ORGANIZATIONS SUCH AS ACCOUNTANTS AND CONSULTANTS, ADVERTISERS, AND INTERNAL COMMERICAL OPERATIONS SUCH AS SEARS.

3. SECTORAL AGREEMENTS TO BE DECIDED UPON AT APRIL 30 MEETING, PARTICULARLY AUTOMOTIVE SECTOR, SHOULD HAVE HEAVY IMPACT ON INDUSTRY IN VENEZUELA. AUTOMOTIVE AND BUSINESS ASSOCIATIONS HERE HAVE BEEN PROTESTING THAT PROPOSED AUTOMOTIVE AGREEMENT WOULD IMPAIR EXISTING LINES OF PRODUCTION AS WELL AS PREVENT FUTURE EXPANSION.

4. APRIL 30 MEETING IS ALSO OCCASION FOR VENEZUELA TO PRESENT ITS LISTS OF EXCEPTIONS, TO BE FOLLOWED BY PERIOD FOR OTHER ANDEAN PACT COUNTRIES TO FORMULATE THEIR RESPONDING EXCEPTIONS.
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